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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEQ-01 CIAE-00 ERDA-05 DODE-00
EB-07 EPA-01 INR-07 IO-13 L-03 NSF-01 NSC-05 NSAE-00
PM-04 USIA-06 OES-06 SS-15 SP-02 FEAEO-00 INT-05 /099 W
----- 027508

R 070814Z DEC 76

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 1803

INFO AMEMASSY VIENNA

USDOC WASHDC

CONFIDENTIAL MOSCOW 19109

E.O. 11652: GDS

TAGS: (GVISHIANI, DZHERMAN), UR, ECIN, EGEN, EIND, TGEN,

SENV, PFOR

SUBJ: GVISHIANI DISCUSSES FUNCTION OF INSTITUTE OF SYSTEMS
STUDIES

SUMMARY: DURING COURTESY CALL BY ASSISTANT SECRETARY OF COMMERCE MATTHEWS, SOVIET STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY (SCST) DEPUTY CHAIRMAN GVISHIANI SAID THAT CHIEF FUNCTIONS OF INSTITUTE OF SYSTEMS STUDIES WOULD BE TO TAKE A MULTIDISCIPLINARY APPROACH TO COMPLEX PROBLEMS AND TO CONCENTRATE ON LONG-TERM ISSUES. GVISHIANI SAID THAT THE INSTITUTE, OF WHICH HE IS THE DIRECTOR, WOULD BE FREE TO UNDERTAKE A WIDE VARIETY OF TASKS, POSSIBLY INCLUDING "CONSULTING" ACTIVITIES AND ASSISTANCE IN FEASIBILITY STUDIES UNDERTAKEN BY FOREIGN PRIVATE COMPANIES. HE SAID THAT COOPERATION WITH U.S. EXPERTS WOULD BE WELCOME. END SUMMARY.

1. ASSISTANT SECRETARY OF COMMERCE L.S. MATTHEWS, ACCCOMPANIED BY EMBASSY E/C COUNSELOR, CALLED ON SCST DEPUTY CHAIRMAN DZHERMAN GVISHIANI ON DECEMBER 3, 1976, TO PRESENT LETTER FROM SECRETARY OF COMMERCE RICHARDSON TO GVISHIANI. AFTER READING LETTER, GVISHIANI COMMENTED THAT IT WAS A VERY GOOD ONE AND ASKED MR. MATTHEWS TO CONVEY TO SECRETARY RICHARDSON HIS OWN WISH TO SEE THE LATTER AT ANY TIME.

2. AFTER A BRIEF DISCUSSION OF THE RESULTS OF THE US-USSR TRADE AND ECONOMIC COUNCIL SESSIONS, WHICH BOTH HAD ATTENDED
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(GVISHIANI IS ONE OF THE SOVIET DIRECTORS), ASSISTANT SECRETARY MATTHEWS INQUIRED ABOUT PROGRESS IN GVISHIANI'S INSTITUTE OF SYSTEMS STUDIES. GVISHIANI EXPLAINED THAT THE INSTITUTE HAD BEEN GIVEN A "VAGUE NAME" SO THAT IT WOULD

BE FREE TO UNDERTAKE WORK IN A VERY BROAD FIELD UNDER THE SCST AND THE PRESIDIUM OF THE SOVIET ACADEMY OF SCIENCES. IT IS KEYED TO THE INSTITUTE FOR ADVANCED SYSTEMS ANALYSIS LOCATED IN VIENNA.

3. GVISHIANI EXPLAINED THE PRIME OBJECTIVES OF THE INSTITUTE AS FOLLOWS:

(A) DEVELOPMENT OF METHODOLOGY TO DEAL WITH COMPLEX MULTIDISCIPLINARY PROBLEMS IN ORDER TO "CREATE A NEW WAY OF THINKING." THE IDEA WAS NOT JUST TO WRITE BOOKS OR DEVELOP THEORIES, BUT TO TEST THEM IN PRACTICE.

(B) CONCENTRATION ON LONG-TERM PROBLEMS - BUT NOT FUTUROLOGY - TO ESTIMATE HOW LONG-RANGE ISSUES IMPACT AHEAD. THESE WOULD INCLUDE SUBJECTS - HE MENTIONED ONLY ENVIRONMENTAL ISSUES SPECIFICALLY - WHICH ARE TOO BIG TO BE HANDLED IN THE SCOPE OF A FIVE YEAR PLAN OR EVEN A PLAN FOR A WHOLE DECADE.

(C) SOME CONSULTING ACTIVITIES (HERE GVISHIANI EXPLAINED THAT HE WAS "THINKING OUT LOUD"). THE INSTITUTE MIGHT ASSIST IN FEASIBILITY STUDIES FOR FOREIGN COMPANIES SO AS TO CUT THE LOSS OF TIME INHERENT IN SUCH STUDIES AT PRESENT.

4. MATTHEWS INQUIRED IF INTERCHANGES WITH US AND OTHER FOREIGN EXPERS WERE ENVISIONED. GVISHIANI REPLIED THAT THERE WOULD BE SUCH AS SOON AS THE INSTITUTE STARTS ITS ACTIVITIES. (WHILE GVISHIANI WAS BRIEFLY CALLED OUT OF THE ROOM, HIS ASSOCIATES EXPLAINED THAT THE INSTITUTE IS ALREADY OPERATING OUT OF TEMPORARY QUARTERS ON KROPOTKINSKAYA STREET WHILE LOOKING FOR A PERMANENT HOME; ITS STAFF IS NOW 200, BUILDING TO AN EVENTUAL 300; FOREIGNER VISITORS HAVE ALREADY BEEN INVITED TO WORK ON TECHNICAL STUDIES.) WHEN E/C COUNSELOR MENTIONED POSSIBLE INTEREST OF US ACADEMIC AND BUSINESS MANAGEMENT EXPERTS IN EXCHANGE ON BROADER SUBJECT MATTERS, POSSIBLY FOR PERIODS OF AS BRIEF AS ONE MONTH, GVISHIANI

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SAID THAT SUCH AN ARRANGEMENT WOULD BE WELCOME.

5. ASSISTANT SECRETARY MATTHEWS SUGGESTED THAT ONE AREA OF MUTUAL INTEREST IS THE DECISION-MAKING PROCESS IN VARIOUS COUNTRIES. GVISHIANI RESPONDED THAT THE SOVIETS WERE STUDYING THIS SUBJECT. THE SOVIET SYSTEM IS "DEMOCRATIC CENTRALISM," WHICH HE EXPLAINED IS NOT THE SAME AS "CENTRALISM". THE SITUATION MIGHT VARY IN OTHER COUNTRIES. THERE NEEDED TO BE A CAREFUL SELECTION OF WHICH PROBLEMS REQUIRE SOME CENTRAL SOLUTION - SUCH AS "RULES OF THE GAME" - AND WHICH DO NOT. MORE GLOBAL MODELS ARE ALSO NEEDED - MOST OF THE 15 PRESENT ONES, HE SAID, ARE PESSIMISTIC - BECAUSE WE MUST THINK OF GLOBAL MANAGEMENT

IF WE ARE TO SURVIVE.

6. ASSISTANT SECRETARY MATTHEWS COMMENTED THAT THE USDOC HAS DONE SOME STUDY OF THE IMPACT OF ENVIRONMENTAL LAWS ON COMMERCE AND INDUSTRY. HE OFFERED TO SUPPLY THE RESULTS OF THESE STUDIES IF GVISHIANI WERE INTERESTED. GVISHIANI SAID HE WOULD BE HAPPY TO EXCHANGE VIEWS, INCLUDING WITH THE EMBASSY, AND COMMENTED THAT BETTER CHANNELS OF COMMUNICATION ARE NEEDED.

7. COMMENT: SOVIET SOCIETY IS OBVIOUSLY IN NEED OF SOME BROAD-GAUGE INSTITUTIONS WHICH CAN PROBE INTO PRESENT PRACTICES WITH A CRITICAL EYE. AN AWARENESS OF MODERN METHODS IN THE NON-COMMUNIST WORLD AND SOME MEASURE OF INFLUENCE ON FUTURE SOVIET DECISIONS. IT IS NOT YET CLEAR WHETHER THE GVISHIANI INSTITUTE WILL BE PERMITTED TO PLAY SUCH A ROLE. NEVERTHELESS, HIS REFERENCE TO THE REASON FOR THE "VAGUE" NAME OF THE INSTITUTE, TOGETHER WITH HIS EXPANSIVE IF NON-SPECIFIC DESCRIPTION OF ITS FUNCTIONS ONCE IT GETS UP TO SPEED, SUGGESTS THAT GVISHIANI HOPES TO USE IT AS A VEHICLE FOR RATIONALIZATION OF THE SOVIET ECONOMY, IF NOT FOR MODERNIZATION OF THE ENTIRE DECISION-MAKING PROCESS. HIS REFERENCE TO "DEMOCRATIC CENTRALISM" LEFT THE INFERENCE THAT THERE WAS A LEGITIMATE AREA WHERE RATIONALIZATION WOULD BE POSSIBLE AND DESIRABLE.

8. IN OUR JUDGMENT, THE HIGHLY CENTRALIZED NATURE OF THE SYSTEM HAS PROVIDED LITTLE REAL OPPORTUNITY FOR INTERMEDIATE AND LOWER LEVEL OFFICIALS, INCLUDING ENTERPRISE MANAGEMENT, CONFIDENTIAL

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TO MAKE THE SORT OF DECISIONS WHICH HAVE BEEN OPEN TO THEIR COUNTERPARTS IN EVEN THE MORE REFORM-MINDED STATES OF EASTERN EUROPE, NOT TO MENTION THE WEST. THE USSR MAY NOT BE RIPE FOR SIGNIFICANT DECENTRALIZATION OF ECONOMIC DECISION-MAKING -- AS SUGGESTED BY THE FADING AWAY OF THE 1965 "KOSYGIN" REFORM -- AND WE DETECT LITTLE AWARENESS OF THE NEED FOR SUCH AMONG THE PRESENT LEADERSHIP, WITH THE POSSIBLE EXCEPTION OF GVISHIANI'S FATHER-IN-LAW, KOSYGIN HIMSELF. BY HIS REFERENCES TO THE POSSIBILITY THAT HIS INSTITUTE COULD HELP SPEED UP FEASIBILITY STUDIES AND BY SIMILAR REMARKS HE HAS MADE IN THE PAST ABOUT WILLINGNESS TO COLLABORATE WITH WESTERN BUSINESSMEN TO PROMOTE SUCH SANCTIFIED OBJECTIVES AS QUALITY CONTROL AND MORE EFFICIENCY IN PRODUCTION, GVISHUANI GIVES THE APPEARANCE OF AWARENESS OF A NEED FOR CHANGE. ASSUMING THAT THERE ARE MANAGEMENT SPECIALISTS, EITHER IN THE BUSINESS OR ACADEMIC WORLD, IN THE US OR OTHER WESTERN COUNTRIES, WHO WOULD BE INTERESTED IN HAVING A TRY AT INFLUENCING THE PROCESS, CONTACT WITH GVISHIANI OR HIS COLLEAGUES MIGHT BE REWARDING. CERTAINLY HE IS AT NO LOSS FOR MEETINGS WITH INDIVIDUAL US BUSINESS EXECUTIVES -- DURING THE TRADE AND ECONOMIC COUNCIL SESSION, FOR EXAMPLE, HE HAD HIGH LEVEL EXECUTIVES LINED UP ALL DAY ON A REGULAR HALF-HOUR SCHEDULE. WE HAVE IN

MIND, HOWEVER, NOT ONLY CONTACTS WITH BUSINESSMEN -- VALUABLE AS THEY MAY BE -- BUT ALSO WITH PERSONS OF THE SAME BROAD OUTLOOK AS GVISHIANI, WHO MIGHT BE INTERESTED IN GETTING IN ON THE GROUND LEVEL TO PROMOTE CHANGES IN THE SOVIET SYSTEM OF MANAGEMENT. THE PATH WOULD BE LONG, DIFFICULT AND UNCERTAIN AT BEST, BUT THERE ARE NOT A GREAT NUMBER OF INTERESTING ALTERNATIVES FOR REFORM WHICH ARE IN BUSINESS TODAY IN THE USSR.

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Message Attributes

Automatic Decaptoning: X
Capture Date: 16 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, DIPLOMATIC DISCUSSIONS, DEVELOPMENT PROGRAMS, SCHOOLS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 DEC 1976
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MOSCOW19109
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: D760451-1011
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761293/baaaengr.tel
Line Count: 174
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 30 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 MAR 2004 by hartledg>; APPROVED <13 AUG 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GVISHIANI DISCUSSES FUNCTION OF INSTITUTE OF SYSTEMS STUDIES SUMMARY: DURING COURTESTY CALL BY ASSISTANT SECRET
TAGS: ECIN, EGEN, EIND, TGEN, PFOR, SENV, UR, (GVISHIANI, DZHERMAN)
To: STATE INFO AMEMASSY VIENNA
USDOC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006